

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$126,900	See Below	\$46,100	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$126,900	See Below	\$46,100	See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 775 would authorize a city council or county board to create a transportation development district and impose a local sales tax.

A city council or a county board could create, by resolution of intention, one or more transportation districts for the purpose of improving or constructing roads, streets, bridges and related structures within that district.

The bill would also allow the imposition of a local sales tax of either 0.125%, 0.25%, or 0.5% within the transportation district. The sales tax could only be used to finance improvement or construction of roads, streets, bridges, and related structures within the transportation district and could only be imposed following an affirmative vote by the majority of registered voters residing in the transportation district or a majority of the property owners within the transportation district. The city council or county board could issue negotiable coupon bonds to be known as transportation district development bonds in an amount not exceeding the balance of the unpaid costs of such improvements or construction.

The local sales tax allowed under LB 775 shall be collected by the Tax Commissioner concurrently with the collection of the state sales tax and in the same manner. The Tax Commissioner shall remit the proceeds of the tax to the city or county monthly, after deducting the amount of any refunds made and three percent of the remainder as an administrative fee. All receipts from the three percent administrative fee are to be deposited in the state's General Fund.

A city or county may disestablish a transportation development district by ordinance after a hearing before the city council or county board and the adoption of a resolution of intention to disestablish.

The fiscal impact is dependent on how many cities or counties choose to implement, the size of the area designated, the amount of sales tax imposed, and the result of the vote to implement. There is the potential for a statewide sales tax increase of one-half percent if all counties choose to implement at the maximum rate and the votes to implement are all successful. One-half percent of sales tax statewide generates approximately \$123 million in revenue. A three percent administrative fee could generate approximately \$3.690 million in revenue to the General Fund. Note: this does not account for the possibility of overlap between a transportation development district created by a city and a transportation district created by the county in which the city is located.

The Department of Revenue estimates the cost to implement LB 775 to be as follows:

FY10-11:	\$126,900
FY11-12:	\$ 46,100
FY12-13:	\$ 47,300

The Department's estimate of cost to implement is an increase over previous estimates and appears to be due to the inclusion of Geographic Information System (GIS) data to the Department's Sales and Use tax database. The Department believes this is necessary in order to accurately map the boundaries of the proposed districts and track those taxpayers required to charge the additional sales and use tax. The total cost for the initial programming and database updates is estimated to be \$48,000.

The bill would also require changes to the rates and boundaries table necessary for remote sellers to calculate and remit the correct sales tax. This has an additional estimated cost of \$30,000. There would also be an additional cost of \$500 per new district.

Personnel costs are estimated by the Department to be approximately \$48,900 and include 0.5 FTE for a Program Analyst and 0.5 FTE for a Revenue Operations Clerk II.

IMPACT TO LOCAL POLITICAL SUBDIVISIONS:

It is unknown how many cities or counties may take advantage of LB 775 if the bill were to pass and therefore we are unable to estimate fiscal impact, but by way of example, the city of Lincoln could raise approximately \$4.6 million (0.125%), \$9.2 million (0.25%), or \$18.2 million (0.5%) and then a like amount would be spent on transportation projects.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
NEBRASKA ASSOCIATION OF COUNTY OFFICIALS: It is anticipated that counties would incur some costs related to the presentation of the ballot question, explanation of creation of the district and eventual construction costs if approved.					